

HIGH OFFICIAL OF GERMANY IN UNITED STATES IS IMPLICATED

Plans of von Der Goltz to Blow Up Welland Canal Endorsed by Captain von Papen, Is Story.

INVASION OF CANADA PART OF CONSPIRACY

State Department Has Information Regarding Teuton Activities Which May Now Be Disclosed.

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Washington, April 3.—Photographic copies of letters said to have been written by Captain von Papen, the withdrawn German military attaché, to persons in this country asking them to aid Horst von der Goltz, the alleged German spy, brought to New York a week ago by Scotland Yard detectives, are in the possession of the United States government.

These letters, it is said, were written at the time von der Goltz was shaping plans to blow up the Welland canal. One was addressed to a German government official in this country and met with such response that von der Goltz was able to leave the United States with an American passport issued him under the alias of Bridgman Taylor.

Endorsed by von Papen.

The name of this official, who is still at his post in this country, has been carefully guarded. In the letter von Papen is understood to have explained that the bearer, von der Goltz, was a responsible and trustworthy person in the confidence of the writer and as such was commended to the good offices of the recipient. Officials here expressed the belief tonight that this letter established, beyond question, the fact that von der Goltz' activities in trying to bring about an invasion of Canada and in planning the destruction of the Welland canal were endorsed by von Papen, as von der Goltz claims.

Known to Department.

Photographic copies of this letter and others from von Papen, of a nature not disclosed, have been submitted to the state department. With them a note detailing the essentials of von der Goltz' recent statement to department of justice officials. This has been added to the long confidential memorandum given to the state department before the withdrawal of von Papen was requested by the American government.

Kept Close Secret.

The contents of the confidential memorandum never have been disclosed and are known to only three persons in the state department, to President Wilson, and to one or two officials in the department of justice. While some of the occurrences outlined in the confidential memorandum have become public, it is known that sensational portions of its contents have never been published.

Soon to Be Printed.

Captain von Papen's alleged letters commending von der Goltz are contained in the batch of correspondence taken from von der Goltz in England and will soon be made public by the British foreign office in London. Portions of the correspondence, including the von Papen letters, were brought to the United States by the Scotland Yard detectives in whose custody von der Goltz crossed the ocean. It was the original intention of the British foreign office, it was said tonight, to publish the correspondence some time ago, but its publication was deferred to afford officials here a chance to act on its disclosure.

There is nothing, officials said, in the letters, or in von der Goltz' statement in New York, to indicate upon whose instructions, if any, von Papen was acting when he endorsed von der Goltz' plans and supplied him with money to carry them out.

Anti-race-track Bill Approved.

Washington, April 3.—The Kenyon bill to prohibit interstate transportation of race-track information was approved today by a sub-committee of the senate interstate commerce committee.

The Day in Congress

SENATE.

Met at noon. Resumed debate on the army bill. Judiciary committee postponed consideration of Brandeis' nomination.

HOUSE.

Met at noon. Miscellaneous bills requiring unanimous consent were considered. Secretary Daniels again discussed national defense before naval committee.

Brigadier General Crozier, chief of ordnance, testified before the military committee.

Representative Borah, Missouri, and Donohue, Kansas, urged investigation of packing houses before judiciary committee.

THE WEATHER

WEATHER FORECAST.
Denver, Colo., April 3.—New Mexico: Tuesday colder, with rain south-east and rain or snow north portion; Wednesday unsettled, colder southeast and warmer northeast portion.

LOCAL WEATHER REPORT.
For twenty-four hours, ending at 6 p. m. yesterday.
Maximum temperature, 67 degrees; minimum, 29 degrees; range, 28 degrees; temperature at 6 p. m., 55 degrees; southwest wind; partly cloudy.

CITY BANK CLEARINGS.
Yesterday
\$125,582.15.

BLAZE IN NEW YORK IMPERIS SKYSCRAPERS

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
New York, April 3.—A section of the business district in the lower part of the city was threatened today by a spectacular fire which burned two five-story buildings at 18 and 19 Beekman street, occupied by paper dealers. The loss was estimated at \$100,000.
For a while the flames which swept rapidly through the inflammable materials in the buildings, imperiled several skyscrapers on both sides of the narrow thoroughfare, and on Nassau street. Several floors of the fourteen story Morse building were damaged.
The American Trust Society building of twenty stories, in which the New York Sun offices are located, also was damaged by smoke and water.
The buildings burned today were badly damaged by fire about two weeks ago and were being repaired.

STATE-SUPERVISED TEXAS BANK FAILS

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
San Antonio, Tex., April 3.—The West Texas Bank and Trust company, a state supervised institution, failed to open its doors today, having been ordered closed yesterday by State Banking Commissioner John S. Patterson. Mismanagement of the bank's affairs was charged.
State Bank Commissioner Patterson said there probably would be no loss, save to depositors in the savings department, and that they will obtain about 75 cents on the dollar.
Deposits protected by the state guaranty law exceed \$1,000,000.

SCOTLAND HAS FIRST EXPERIENCE WITH ZEPPELINS

Air Raider Circles Over One Town for Forty Minutes Dropping Bombs; Several People Killed.

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
London, April 3 (7:33 p. m.)—A Scotch correspondent in a certain town, in a dispatch concerning Sunday night's air raid, says:

"Scotland has had its experience with a Zeppelin raid last night. A Zeppelin appeared ten minutes before midnight and circled over the town for forty minutes, dropping many bombs. Warning of the enemy's approach was given by the people by the electric lights being cut off. Every body remained calm and many persons ventured into the streets to get a better view of the raider. No building of public importance was struck but much damage was done in the residential quarter."

"Five persons were killed in a passage leading to a tenement building whose occupants were obliged to make their exit by means of fire escapes. Two servant girls employed in a doctor's house were killed while a man was killed in the street. Two hotels were struck and several persons were killed or injured. A bomb in one instance penetrated a building from the roof to the basement."

Another Scotch correspondent tells of the arrival of a Zeppelin over the same unnamed town shortly before midnight. An incendiary bomb was dropped and it immediately set fire to a building, which blazed up in such a manner that the correspondent said the glare must have revealed the whole countryside to the Germans. The subsequent movements of the machine, the correspondent adds, suggested that it was able to determine its location. Bombs continued to fall in quick succession. Several narrowly missed prominent buildings, but many others landed harmlessly in open spaces.

There were so many persons in the street that it was not surprising that numerous casualties resulted, due to flying glass and splinters of wood. The most serious damage, both to life and property, was in the densely populated poorer districts of the town.

AMMUNITION PLANTS ON COASTS FAVORED

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Washington, April 3.—Heikler General Crozier, chief of army ordnance, told the house military committee today that the army already has a reserve of 225,000,000 rounds of ammunition for rifles and machine guns, but should have 296,000,000 more.
General Crozier said it would be a good policy to have a small arm ammunition plant on both coasts.

DANIELS CLOSES TESTIMONY ON NEEDS OF NAVAL PREPAREDNESS

Several Clashes Occur Between Secretary and Illinois Congressman Who Criticizes Administration.

FISKE'S RETIREMENT IS FULLY DISCUSSED

Compromise Program of Construction May Be Drafted in Committee Bill Now Framing.

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Washington, April 3.—The house naval committee brought an end today to its prolonged hearings on the 1917 naval appropriation bill. Secretary Daniels closed a three-day statement before the committee with a final appeal for support of the administration's five-year building program. A sub-committee will begin immediately framing the bill.

It became known tonight that a determined effort would be made to provide for six capital ships—two dreadnaughts and four battle cruisers—as a compromise between the recommendations of the secretary of the navy and of the navy general board.

Would Not Be Second.

Mr. Daniels parried all efforts today to get from him a statement as to the relative place among naval powers the United States should occupy. He said the five-year program he had mapped out would not put the country in second place, in his judgment, and that the present congress could not be asked to make up the deficiencies of twenty years past.

At the close of the European war, he said, he believed a great opportunity would come for international limitation of armament and with a strong building program adopted, the United States would be in a better position to urge that movement successfully than if its fleet were weak.

Factory Plan Assailed.

Representative Butler, of Pennsylvania, republican, assailed the secretary's recommendations for a government project factory. He asserted that the specifications for navy armor piercing shells were so high that they could not be met by manufacturers, and also declared he had reason to believe that the specifications for navy 14-inch guns and other material had been revealed during Mr. Daniels' administration to the Russian and German governments. He suggested that Rear Admiral Strauss, chief of ordnance, be asked to produce a letter to the Krupp company of Germany.

Correspondence With Germany.

Admiral Strauss was summoned later and read the letter in question. It was a reply to an offer made before the war by the Krupp company to supply 14-inch guns for the United States navy. The ordnance bureau answered that if guns to meet the requirements outlined in the offer could be provided, the company's bid would have attention.

"These are not the specifications of our 14-inch guns," Admiral Strauss said. "They are for a much superior gun."

Both the secretary and the admiral said they had no knowledge of any plans or other information having been imparted to the Russian government.

Shells Pass Tests.

In answer to Representative Butler's assertion that the armor-piercing shell specifications were too high, Admiral Strauss produced the records of the department to show that the Midvale and Crucible Steel companies had delivered large quantities of shells that had passed the tests.

Secretary Daniels replied at length to criticisms of himself implied or stated during the testimony of Rear Admiral Fiske, former aide for operations, and became involved in a warm controversy with Representative Britten, of Illinois, republican. Responding to questions by Chairman Padgett, he said Admiral Fiske had sought appointment as commander of the Atlantic fleet when Rear Admiral Badger retired and had repeatedly questioned it, to the secretary's great embarrassment.

Preferred Fletcher.

Mr. Daniels said he told Admiral Fiske that Admiral Fletcher, then commanding a squadron in Mexican waters, seemed entitled to the appointment. Admiral Fiske replied that Fletcher did not want it, the secretary said, and asked that the appointment be held up until he could write to Fletcher. This was done, Mr. Daniels said, and when Mr. Fletcher replied that he would be honored by the command, he was appointed; and from that time on Admiral Fiske was not in harmony with the navy department.

"Our first difference," said the secretary, "was over the wine mess order. Admiral Fiske was greatly aggrieved. He said navy officers would go to using cocaine. My only regret about the order is that I did not issue it on March 5, when I came into office instead of waiting."

Not to Drink.

He had been ordered because of the many cases that came before him of young officers addicted to drink. He cited one man who told him that his son, a young navy officer, never had used liquor in any form before he went aboard ship.

Although he had resolved to ask for Admiral Fiske's resignation, the secretary said he changed his mind when congress created the office of chief of operations to supplant the aide system, and intended to allow the admiral to serve as aide until the office expired.

The admiral resigned, however, before the new law became effective.

Not Real Difference.

Representative Britten directed attention to Admiral Fiske's statement that he had resigned because he had differed from Mr. Daniels on the preparedness question. The secretary said that was not the reason given him for the resignation. Representative Britten asked that certain letters from Mr. Fiske and the general board to the secretary warning him that the navy was unprepared for war be placed in the records. Mr. Daniels declined to do so, saying he had no intention of permitting such correspondence between the board and himself to be made the subject of gossip.

Congressman Criticized.

Representative Oliver, of Alabama, democrat, made a statement sharply attacking Representative Britten. He said the Illinois member's attitude throughout the hearing had followed the single line of criticizing the secretary of the navy. He called attention to the fact that Mr. Britten had insisted upon calling Admiral Fiske and declared the questions propounded to the admiral by Mr. Britten had been of a purely personal nature, not an effort to enlighten the committee on naval problems.

Representative Britten and the secretary clashed again when the former asked if a democratic congress had not cut down the recommendation of a republican secretary for three battleships to one.

"If you want to go into politics," Secretary Daniels began.

Several members interrupted to say that politics should be excluded, but a general debate on the subject followed. Mr. Britten asserted that Secretary Meyer had recommended the construction of eleven battleships during his administration.

"That is more than you have done," Mr. Secretary said.

Secretary Daniels replied that Secretary Meyer had cut down his recommendation until, after the republican defeat in the last election and then recommended everything in sight.

Along the remainder of the French front, artillery bombardments had predominated, although there have been several combats near Verdun, in which the Germans lost four aeroplanes, and aerial raids by the French on various German cantonments in Belgium.

Heavy Bombardments.

Artillery duels between the Germans and Russians continue on the eastern front. An attack by the Germans against the bridgehead at Ikskull was repulsed by the Russians. The usual bombardments are in progress on the Austro-Italian line.

Constantinople reports that the Turks, strongly reinforced, have checked the Russian offensive in the Caucasus region and that the Ottoman forces have made advances in the Tchoruk valley. Petrograd, however, asserts that the Russians have seized heavily fortified Turkish positions at an altitude of 10,000 feet on the upper Tchoruk, and farther south have captured a Turkish position and dispersed Turkish cavalry detachments.

British Forces Beaten.

In Arabia, according to the report, the British near Sheikh Osman have been driven from fortified positions with heavy casualties and forced to retreat.

The sinking by a Turkish submarine in the Black Sea, on March 30, of a 1,000-ton Russian transport with troops aboard, and of two other vessels on March 31, is reported by the Turkish war office. It was on March 30 that the Russian hospital ship Portugal was torpedoed and sunk in the Black Sea.

A British official statement says that in the German air raid over Scotland Sunday night ten persons were killed and eleven injured. There were no casualties in the sections of England attacked by the raiders.

Berlin asserts that Edinburgh and Leith, and points on the Firth of Forth and the Tyne were visited by the Zeppelins and that violent explosions and numerous fires occurred both in England and Scotland. All the airships returned to their bases.

NEW COUNSEL FOR
DEFENSE OF CAPLAN

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Los Angeles, April 3.—New counsel for David Caplan, on trial for murder, appeared today after the case had been called in court with Caplan's attorneys of record missing. Caplan is charged with killing Charles Hager, a victim of the dynamiting of the Los Angeles Times in 1916. Jacob Margolis, of Pittsburgh, an attorney active in cases growing from rioting at Youngstown, Ohio, January 7, 1916, was announced as the new attorney. Nathan Coghlan, chief of counsel for the defense, and his assistant, Edwin V. McKenzie, notified the district attorney that they had withdrawn. When the case was called they were not in court and Caplan said he did not know why they were not.

Disagreement as to tactics, it was said later, caused the withdrawal of Coghlan and McKenzie. Caplan, it was said, was the final arbiter and picked Margolis' way of conducting the defense.

A continuance was given until Wednesday.

Sanatorium Probe Continued.

Chicago, April 3.—The civil service investigation of the municipal tuberculosis sanatorium of which Dr. Theodore B. Sachs, who committed suicide yesterday, was head, will be continued, according to announcement made today by Mayor Thompson.

POWERFUL GERMAN DRIVE AGAINST VERDUN MAKES COSTLY GAINS

French Retreat, Drawing Trenches Into Position Upon Which Deadly Flanking Fire Is Poured.

HEAVY FIGHTING ON EASTERN BATTLE LINE

Both Russian and Turkish Reports Claim Successes in Caucasus Region; British Force Beaten in Arabia.

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Having straightened out their line by occupying all French positions north of the Forges brook, between Hancourt and Bethincourt, northwest of Verdun, the Germans now are engaged in shelling the region of the Bourrus wood, some five miles northwest of the fortress.

East of the Meuse around Vaux there has been considerable fighting between the French and Germans, in which the French were victorious in driving back the Germans to the northern outskirts of the Callette wood, and in recouping the western part of the village of Vaux, which they had previously evacuated.

Subjected to Deadly Fire.

The occupation by the Germans of the Hancourt-Bethincourt front followed a vigorous attack in which, however, the Germans met no foe, the French having evacuated their positions at night without the Germans observing the movement. From their new positions south of the Forges brook and at Bethincourt, the French poured a direct and flanking fire into the attacking Germans who suffered heavy casualties.

Along the remainder of the French front, artillery bombardments had predominated, although there have been several combats near Verdun, in which the Germans lost four aeroplanes, and aerial raids by the French on various German cantonments in Belgium.

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WINNIPEG QUIET AFTER TWO NIGHTS OF RIOT

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Winnipeg, Manitoba, April 3.—Quiet prevailed here tonight following the rioting of Saturday and Sunday nights in which four soldiers and one civilian were dangerously injured and scores of other persons cut and bruised.

Military authorities took steps to prevent a repetition of the violent scenes brought on by clashes between soldiers and the police.

An agreement was reached whereby the city police hereafter will maintain order among the populace and the military authorities among the soldiers.

The war cries of a drunken Indian who tried to rescue a soldier from the police started the trouble on Saturday night. Scores of soldiers rallied about their comrade and a general fight ensued.

Disorder broke out Sunday evening when soldiers attempted to storm the police station and rescue comrades taken into custody the night previous.

FLOOD CONDITIONS AT
DALLAS THREATENING

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Dallas, Tex., April 3.—Rising slight by further today, the Trinity river at Dallas tonight stood at 39.4 feet, the highest since May, 1905, when a stage of 52.6 feet was recorded. The river still was rising slowly. Property damage has been reported but there has been no loss of life so far as known. Points north of Dallas reported the river slowly falling and it is believed the crest will pass Dallas tonight or tomorrow. The cold weather following a forty-hour rain has caused considerable loss in livestock in the Panhandle and western sections of Texas which will probably run into hundreds of thousands of dollars.

IMPORTANT DECISION
ON PARTNERSHIP LAW

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Washington, April 3.—The supreme court today decided that in the failure of a partnership as such and of the individual membership of the partnership as such, the individual creditors of a member have priority in the distribution of assets over the partnership creditors.

This decision was announced in the case of the failure of William Gray and Sons of Philadelphia and of its three partners individually.

SCHILLER SENT
TO HOSPITAL IN
NEW YORK CITY

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
New York, April 3.—Clarence Reginald Hudson, alias Ernest Schiller, who single-handed took possession of the British freight steamship Matopopo on the high seas, was committed to the psychopathic ward at Bellevue hospital tonight for observation. Hudson, who, United States Attorney H. Snowden Marshall earlier in the day announced, had not committed a breach of federal laws within this jurisdiction, was taken in charge by District Attorney Swann after his release by federal authorities.

Hudson, with George Haller and Otto Milleder, were arrested in connection with an alleged plot to damage the steamship Panonia, were questioned for two hours in the district attorney's office.

Later Hudson was taken before a magistrate who committed him to Bellevue for ten days.

Born in Russia.

District Attorney Swann said he had learned that Schiller was born in Petrograd, Russia, of an English father and a German mother. He was in the British army for a time and for three months was at the military camp at Salisbury Plains. He came to New York in March, 1915, and had worked since in factories and on farms.

The police say they have learned that Hudson's parents and two sisters now are in England. His father, previous to the declaration of war, was manager of cotton mills in Moscow. According to information gathered by the police, Hudson was turned out of his father's home during a quarrel which arose when Hudson brought a tramp into the house while his father was entertaining a distinguished guest, and insisted that the tramp should be treated on the same equality as the guest.

MEXICAN EDITORS
PLEAD NOT GUILTY

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
Los Angeles, April 3.—Ricardo Flores Magon and Enrique Flores Magon, brothers and editors, pleaded not guilty today in United States district court to indictments returned against them in February by the grand jury, charging them with urging the raids to incite murder and arson through the publication of El Regeneracion, an alleged revolutionary Mexican newspaper. No date for their trial was set.

UNWOUNDED AND WITH ONLY EIGHT MEN, VILLA IS NEARING PARRAL

Bandit Chieftain in No Recent Battle Either With Carranza of American Forces, Is Report in El Paso.

PERSHING THROWN OFF TRACK BY SYMPATIZERS

Peons Loyal to Their "Mexican Robin Hood," Give False Information to Expedition; No Reliable Guides.

(BY MORNING JOURNAL SPECIAL LEASED WIRE)
El Paso, April 3.—Francisco Villa, unwounded and accompanied by only eight men, was at Satevo, 50 miles south of Chihuahua City, two days ago according to information received here today from Mexican sources which have proved usually reliable in the past.

If this information is correct it bears out previous reports that the chief is headed toward Parral and is leading his American pursuers by at least sixty miles. The nearest point to Satevo which the American troops are known to have reached is San Antonio, sixty miles to the northwest.

Is Headed for Parral.

The route said to have been taken by Villa is one which which he is thoroughly familiar and which, indeed, is known among the peons as "Panchito's Road." From Guerrero it leads across the Continental divide through the Pachuca pass into a broad valley which runs east to San Andres, Villa's old headquarters, thence south to Santa Ysabel, the scene of Villa's massacre of eighteen American mining men, and then southeast through Satevo to Parral.

The man who brought the story of Villa's arrival at Satevo here gave a circumstantial account of the bandit's maneuvers and plan of campaign. While his story is impossible of verification his own credibility is vouched for by reputable American business men here who have employed him for several years.

Villa in No Battles.

"Villa," he said, "has never taken part in any fighting with either American or Carranza troops. He left the main body of his troops in the Guerrero district with orders to oppose as far as they could the American advance. At the same time the peons were instructed to give information freely to the American officers, always provided that the information was false. The story of Villa's being wounded was carefully concocted for the express purpose of misleading General Pershing and Colonel Dodd into the belief that the bandit was in hiding in the mountains and thereby inducing them to split their forces into small searching parties who would waste their time in the wild Sierras while Villa was making his way safely southward."

Guides Not Reliable.

This part of the story is given color by the admission of General Pershing today that his department has been given much misleading information and that it is becoming more difficult to secure reliable guides.

Continuing his story, the man said: "The American officers were fooled at first but they have a fair knowledge of the real situation now and the advance column is driving south-east with all the speed they can command. Their one chance of catching up with Villa is that they have a good road and should not be handicapped by the big problem of forage and water. The trail from San Antonio to Satevo leads through a broad valley where there is generally plenty of water at this time of the year and which is fairly fertile and well cultivated. Of course, the peon farmers will try to conceal their grain but American gold and silver will be a temptation many of them will be unable to resist."

Must Be Caught Quickly.

"If they can catch up with Villa before he gets into the Torreon district, they ought to be able to kill or capture him, but if he is able to join forces with Canuto Reyes they will have a difficult task ahead of them."

Mexican officials here and in Juarez refused to discuss the probability of Villa being close to Parral, but they showed no inclination to belittle the story. General Gavieta, the Juarez commander, said he had not received news from the front as the wires between Juarez and Casas Grandes were again out of commission, due to heavy storms.

RELIEVE VILLA HAS
EJECTED AMERICANS

San Antonio, Tex., April 3.—The fear expressed yesterday at army headquarters that Francisco Villa had escaped from the region in which General Pershing's columns are operating, became a conviction by the close of today. No report from Mexico stated that he had disappeared.